

BEST PRACTICES FOR BOARD QUALITY COMMITTEES

By
**Barry S.
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Adirondack Medical Center, a 100-bed hospital in Saranac Lake, N.Y., formed a Board Quality Committee about six years ago. Before then, “It seemed our major job was to look at finances, and most of our meetings focused on that,” says Joann Reed, Chairperson of the Board. “Having a Quality Improvement Committee of the Board has changed all that. Once we learned how to define quality and how to measure it, quality and physician-related issues are now 40 to 50 percent of board meetings. Quality is the thread that goes through all issues, including finances. We couldn’t be an effective governing board without this committee.”

Adirondack’s experience is common. A fax poll conducted by The Governance Institute in December 2002 found that more than 80 percent of 103 responding hospitals and health systems have formed one or more board committees to focus on quality-related responsibilities.

“We stick our nose in, not to meddle, but to understand how things are done.”

*Joann Reed
Board Chairperson,
Adirondack Medical Center*

At Swedish Health Services, a 950-bed facility in Seattle, the board’s Quality Committee “creates interest and alignment, focuses the organization on measurement and achievement of high-priority goals and overall sets a tone for the entire organization,” CEO Richard Peterson and Judy Morton, Vice President for Quality Integration and Improvement, told The Governance Institute.

What Effective Board Quality Committees Do

According to The Governance Institute’s fax poll, the most common areas of committee responsibility are performance improvement, clinical outcomes, patient safety and patient satisfaction, as well as physician credentialing, risk management, oversight of peer review activities and physician satisfaction.

How can a board get optimal value from a quality committee? Here are some of the practices stressed by board and executive leaders. (See page 7 for a checklist of best practices for board quality committees.)

Not All Great Boards Have Quality Committees

Having a board quality committee may be a best practice, but not having one doesn’t mean a board can’t discharge its quality-related responsibilities well.

A case in point is SSM Health Care, based in St. Louis. The system is the first healthcare organization to win the prestigious Malcolm Baldrige National Quality Award. However, SSM’s boards use a committee of the whole model and have no working board committees. Instead, SSM’s boards typically meet every other month and spend 15 to 25 minutes of a 90-minute agenda on quality issues.

The approach has advantages,

explains Executive Vice President/Chief Operating Officer William Schoenhard. “It was important to orient and educate all board members as to their fiduciary responsibility for quality,” he explains, “particularly regional boards.” The board focuses its quality work on four major areas:

- Medical staff credentialing and re-appointment, “a responsibility the board takes seriously”;
- Reporting of sentinel events;
- Patient safety improvements; and
- Monitoring clinical indicators and customer service indicators.

The committee-of-the-whole approach enables SSM to educate and involve all board members.

Having the CEO on the quality committee “sent a powerful message throughout the organization.”

*David B. Nash, M.D.
Chairman
Catholic Healthcare Partners
Board Quality Committee*

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Carefully choose committee members. Most committees meet six to 12 times a year and include six to nine voting members, including lay board members, physicians and senior management.

Look for quality committee members who won't be intimidated by clinical issues and who can frame constructive questions and understand the answers. Attorneys, educators and business people who work professionally with physicians or in health-related businesses may be good in the role.

Physician members of board quality committees play two vital roles: educating other members on how to interpret clinical information and supporting a proactive role for the committee.

Some boards have recruited outside directors who bring a quality-related background from industry, education or another healthcare organization. For example, Catholic Healthcare Partners, a multi-facility system based in Cincinnati, tapped David B. Nash, M.D., M.B.A., Professor of Medicine and Health Policy at Jefferson Medical College in Philadelphia, to chair its board quality committee.

The organization's "quality brain trust," including the chief medical and nursing officers, chief of staff and director of performance improvement and patient safety, should be represented on the committee as members or staff. At CHP, the CEO's eagerness to serve on the committee "sent a powerful message throughout the organization" of the importance of quality, explains chairman David Nash.

Use the committee as a forum for education. Newly minted com-

mittees start with education to understand their roles and responsibilities. Over time, education may cover a variety of things, such as:

- The organization's key quality measurement, performance improvement and patient safety processes;
- New quality mandates, such as the JCAHO's national patient safety goals and the federal government's plan to publish hospital quality report cards on the Internet; and
- Leading-edge approaches such as Six Sigma, clinical benchmarking and customer service excellence training.

Adopt and monitor an annual performance improvement plan with measurable goals. According to The Governance Institute's survey, 62 percent of respondents engage the committee in proactively articulating a quality agenda and recommending to the board quantifiable, quality-related goals and objectives for the organization. That leaves nearly four of 10 organizations that aren't using the annual quality planning process as an opportunity to educate the board and get their support for quality initiatives.

At Catholic Healthcare Partners, the board's quality committee approves a "four-page quality plan," explains Nash. The plan reviews the prior year's performance on key quality indicators against board-approved goals, and it identifies the coming year's goals and improvement priorities.

Establish and use a dashboard or balanced scorecard to track performance. Some 95 percent of respondents to TGI's fax poll use these reports to provide key quality performance measures to the committee and compare the organization's results with

"Why" is the most important word in a board quality committee's vocabulary.

external benchmarks. More than 80 percent provide the board or a committee with external quality ratings such as those from the Leapfrog Group or Health Grades.

"Much of the success of this process has to do with how you report your progress and findings," says Swedish's Peterson. By clearly showing trouble spots and improvement opportunities, quality reports get boards and quality committees right to the heart of the matter.

At Catholic Healthcare Partners, Nash was concerned about burying the quality committee with data, so he keeps the dashboard simple. It includes a few high priority, system-wide quality indicators, JCAHO's national patient safety goals and key measures of patient satisfaction.

At St. Louis-based SSM Health Care, the first healthcare provider to win the Malcolm Baldrige National Quality Award (see box, Page 2), the board reviews a "stoplight report" that highlights problem areas, explains William Schoenhard, Executive Vice President/Chief Operating Officer. "We are trying to focus the board's conversation on the red lights and what's being done to address them," he explains.

"That's based on a willingness to have a dashboard that includes red light

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indicators,” he stresses. “The culture has evolved over 25 years to be open and share information like that. Board members know they aren’t being snowed, and things aren’t being glossed over.”

Ask why. Although dashboards and balanced scorecards are in common use, they’re of little value unless the board quality committee understands how to interpret and use them to drive continuous improvement and exercise accountability for results.

“Why” is the most important word in a board quality committee’s vocabulary. If results vary from targets or benchmarks of high-performing organizations, the committee should seek explanations of the root causes of the variances. For instance:

- “Why are our clinical outcomes for certain procedures or diagnoses lower than comparable or benchmark institutions?”
- “Why does it take us longer than benchmark institutions to turn around diagnostic test results?”
- “Why do some clinical departments resist best-practice guidelines while others embrace them? How can we extend use of best practices to all physicians?”

“We stick our nose in, not to meddle, but to understand how things are done,” says Adirondack’s Reed.

“The interchange is the most valuable part of the committee process,” adds Adirondack’s CEO Chandler Ralph. “The committee gets the board, medical staff and management together to achieve a better understanding of how things should be done and what each needs to contribute,” says Ralph.

Focus on a few key goals. A board quality committee can easily become overwhelmed with the volume of reports and projects it reviews. Focusing the committee on a few key goals effectively leverages its time and capabilities for maximum return.

Suburban Hospital in Bethesda, Md., is focusing on building a safer medication administration system by fostering a “blame-free environment” to identify, address and prevent errors. Using an “amnesty approach” of not punishing staff who report drug errors, Suburban has established a no-fault hotline to support the effort.

“You look worse because it increases reporting,” says recently retired Senior Vice President William F. Minogue, but the hospital is growing a wider database of not just errors but also near misses. Suburban also identifies 25 “triggers of potential harm” through chart reviews. As these efforts take root, the Board’s Medical Affairs Committee is being educated and down the road will review the data.

Set the bar high. Along with their oversight responsibilities, boards can play an active role in establishing high-level aspirations for quality. For example, a number of hospitals are seeking “Top 100 Hospital” status for their top clinical programs, while others seek the Malcolm Baldrige Award or state quality awards.

Suburban Hospital wants to go beyond the usual medical staff credentialing and has created a board-level task force on “creating a medical staff of excellence,” says Minogue.

“The board has adopted as a philosophy the idea that new appointments have the burden of proving they

Board-approved goals are cascaded to every network, entity and department at SSM Health Care.

are not only competent but that they will contribute something to the hospital,” Minogue explains.

To achieve that goal, the appointment process for new physicians now includes a structured interview that asks questions about the applicant’s commitment to the hospital and the community, his or her approachability on clinical practice issues, listening and understanding skills, interpersonal skills, values, ethics and integrity.

One question that might be asked, says Minogue, is, “Tell us about the last time you committed an error. What happened and what did you learn?”

Integrate financial, strategic and quality planning. At SSM Health Care, “We have totally integrated quality with strategic planning and financial planning over the past several years,” says Schoenhard.

Goals and measurable indicators for “exceptional” financial performance, clinical outcomes, and patient, employee and physician satisfaction are part of SSM Health Care’s three-year plans and annual updates. Goals are deployed down to every network, entity and department, explains Schoenhard, and are posted in departments so everyone can see them. Dietary employees, for instance, may see

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that their goal is to improve patient satisfaction from x to y. Employees carry a “passport” with the mission and goals at their organizational level plus personal goals the employee has discussed with his or her supervisor.

By cascading goals from the top to the bottom of the organization, “people are more focused on measurement and improvement, and they can see how what they do every day directly supports the mission,” says Schoenhard.

Integrating financial, strategic and quality planning isn’t restricted to larger institutions. As Adirondack Medical Center considers a strategic expansion of its successful bariatric surgery program, the board and its Quality Improvement Committee are asking

about the hospital’s capability to support more intense levels of service, explains Ralph. “The board and the quality committee are asking about the level of acuity that the facility can handle, and when we will need to refer patients? Will we have the trained nurses we need?”

Support and reward quality.

Nothing communicates a board’s commitment to continuous improvement more than including quality-related goals in the executive team’s incentive compensation plan. At Catholic Healthcare Partners, up to 30 percent of base compensation is eligible for performance incentives, and a significant portion of that could be tied to quality targets such as patient satisfaction, explains Nash.

Executive compensation isn’t the domain of the board’s quality com-

mittee, but by establishing quality goals and performance indicators, the quality committee provides objective measures to reward superior performance.

Having board members knowledgeable about quality and compensation fuels the work. “Outside board members with specific competencies can make a special contribution to a board,” says Nash. “The healthcare world is complicated, and boards need all the expertise that they can muster.”

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Board Quality Committees

1. Are the committee’s responsibilities clearly defined?

For a sample charter go to www.greatboards.org and go to the Resources section.

2. Are committee members carefully chosen to bring the skills needed for effective work on quality issues? Look for:

- Individuals who aren’t intimidated by clinical issues and can frame probing, constructive questions and understand the answers
- Physician members who can play a dual role: to educate other members on how to interpret clinical issues and to support a proactive role for the committee.
- Members who bring a quality-related background from industry or education and can help the board exercise leadership on quality matters.

Best Board Practices Checklists

3. Has the committee or the board adopted and promulgated a quality policy or vision throughout the organization?

4. Has the chairperson of the Board Quality Committee developed a candid, collaborative working relationship

with the primary staff person for the committee, such as the Chief Medical Officer (CMO) or Chief Quality Officer (CQO)?

- Is the committee chairperson fully informed about major medical errors and problems involving clinical quality, patient safety and customer service?
- Does the committee chairperson play an active role in setting the agenda of the committee?

5. Does the committee avoid getting bogged down in details, focusing instead on a few high-priority improvement goal areas each year, such as reducing medication errors or increasing patient satisfaction?

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6. Is the committee used as a forum for education and discussion about the organization's performance, improvement initiatives and leading-edge issues? Do discussions enhance board-medical staff-management communications and solidarity around quality goals?
7. Does the committee use a quality dashboard or balanced scorecard to track key indicators?
 - Does the dashboard include measures that reflect the most important parameters of organizational performance?
 - Is the dashboard comprehensive, including measures of clinical outcomes, compliance with best practices, customer satisfaction and patient safety/risk management?
 - Does the dashboard show current performance and trends in comparison to benchmark data from high-performance, comparable institutions?
 - Are variations from the organization's quality targets highlighted so the committee can quickly identify them?
8. Does the committee raise constructive questions about performance reports, particularly:
 - What are the root causes of significant variances from quality targets?
 - What are we doing to improve performance?
 - How will the board know that problems have been resolved and performance has improved?
9. Does the committee periodically conduct an "audit" of key processes that it oversees, such as physician credentialing and patient safety?
10. Does the committee encourage the organization to "set the bar high," establishing stretch goals to achieve its full potential?
11. Before approving the organization's annual Performance Improvement Plan, does the committee thoroughly review the past year's performance and next year's plan to see that top priority areas are targeted?
12. Are quality, financial and strategic planning integrated?
13. Do the committee and the board periodically apply a "policy governance approach" to objectively address a difficult and controversial issue with quality ramifications? For example, many hospitals have taken this approach before establishing an intensivist or hospitalist program.
14. Does the board reward quality? For example, are quality goals included in the formulas for incentive compensation for senior executives?